

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02

PA-01 PRS-01 CIAE-00 COME-00 EA-07 FRB-03 INR-07

NEA-10 NSAE-00 OPIC-03 LAB-04 SIL-01 AGRE-00 OIC-02

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FM USMISSION OECD PARIS

TO SECSTATE WASHDC 3962

INFO USDEL MTN GENEVA

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E.O. 11652: N/A

TAGS: OECD, CIEC

SUBJECT: CIEC DEVELOPMENT COMMISSION DISCUSSION OF
TRADE

REF: BARRACLOUGH/AHMAD TELCON OCTOBER 25

1. AS INDICATED REF TELCON, TRADE AGENDA ITEM IN
DEVELOPMENT COMMISSION DISCUSSED MORNING OF OCTOBER 26.
COMMISSION HEARD INTRODUCTION OF SEPARATE PAPERS BY
G-19, EC AND US. TEXTS BEING HAND CARRIED WASHINGTON
BY ROBERT RYAN OCT. 28.

2. G-19 TEXT WAS LARGELY REPETITION OF MANILA
DECLARATION POSITIONS. G-8 AGREED IN TRADE REP
CAUCUS OCT. 25 THAT DETAILED COMMENT ON EACH G-19 PROPOSAL
SHOULD BE AVOIDED AND G-8 REPS CONFINED THEMSELVES
LARGELY TO GENERAL EXPRESSIONS OF DISAPPOINTMENT WITH
ONLY CURSORY ATTENTION TO SOME BUT NOT ALL OF INDIVIDUAL
ITEMS.

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3. US AND EC DRAFTS WERE DISCUSSED EXTENSIVELY AMONG G-8 REPS ON OCT. 25. AS INDICATED REFTELCON, EC PAPER CONTAINED SEVERAL TROUBLESOME ITEMS FOR US INCLUDING:

A) CALL FOR GREATER SECURITY--GSP SPECIFICALLY SUGGESTING MAKING PROVISION FOR SOME FORM OF BILATERAL CONSULTATION WITH BENEFICIARIES PRIOR TO REDUCTION OR WITHDRAWAL OF PREFERENTIAL ADVANTAGE,

B) STATEMENT THAT DC CONCESSIONS ON TROPICAL PRODUCTS SHOULD BE MADE IF POSSIBLE ON 1 JAN 1977 AND THAT "FOR TROPICAL PRODUCTS THE DEVELOPING COUNTRIES SHOULD NOT IN PRINCIPLE BE REQUIRED TO RECIPROCATATE THESE CONCESSIONS",

C) IN PARAGRAPH ALLUDING TO THE GATT REFORM GROUP, LANGUAGE WHICH IMPLIED ONLY DC-LDC ISSUES TO BE ENTER-TAINED.

4. OTHER G-8 REPS OBJECTED SPECIFICALLY TO FOLLOWING AREAS OF US PAPER:

A) LISTING OF AREAS IN MTN WHICH PROVIDE OPPORTUNITIES FOR SPECIAL AND DIFFERENTIAL TREATMENT,

B) LISTING OF AREAS FOR IMPROVEMENT OF GSP WHICH OTHER DELS BELIEVED PRIMARILY SUITED TO SCHEME OF US,

C) SUPPLY ACCESS FORMULATION (ENTIRELY OBJECTIONABLE TO CANADA) BUT ESPECIALLY THE SUGGESTION OF A POSSIBLE INTERNATIONAL CODE. CANADIAN AND JAPANESE ALSO OBJECTED TO EC FORMULATION ON SUPPLY ACCESS.

5. G-8 DISCUSSIONS OF THESE DIFFERENCES RECOGNIZED THAT AGREEMENT ON ONE TEXT WAS NOT POSSIBLE DUE TO SHORTNESS OF TIME AND THAT THE MAJOR PROBLEM RELATED TO EACH OF THESE PAPERS WAS THE HIGHLIGHTING OF INDIVIDUAL G-8 MEMBER'S POSITIONS WHICH OTHERS MIGHT NOT SHARE. US REPS POINTED OUT, AND SEVERAL OTHER DELS RECOGNIZED, THE RISKS IN GETTING INTO "BEAUTY CONTEST" SITUATION IN WHICH G-19 WOULD SEIZE MOST POSITIVE FEATURES OF EACH LIMITED OFFICIAL USE

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G-8 PAPER.

6. IN COURSE OF DISCUSSION EC ALTERED LANGUAGE ON REFORM GROUP SO AS NOT TO RULE OUT OTHER THAN DC-LDC ISSUES AND WEAKENED SOMEWHAT THEIR LANGUAGE ON SECURITY OF GSP. THEY INSISTED ON RETAINING THIS LANGUAGE, HOWEVER, BECAUSE THEY HAD MADE ESSENTIALLY SAME STATEMENT IN CIEC IN MARCH. THEY DISCLAIMED ANY INTENTION TO IMPLY

BINDING OF GSP OR OBLIGATIONS FOR COMPENSATION.

7. THE EC ALSO REMAINED ADAMANT THAT THEIR LANGUAGE ON TROPICAL PRODUCTS REMAIN, BUT DELETED ALL REFERENCE TO SUPPLY ACCESS TO ACCOMMODATE CANADA.

8. US AGREED TO MODIFY OUR GSP LANGUAGE SLIGHTLY (BY ADDING CONCEPT OF WHERE POSSIBLE TO SOME SPECIFIC

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SUGGESTION) AND DELETE REFERENCE TO POSSIBLE CODE OH SUPPLY ACCESS. IN ABSENCE OF EC REMOVAL OF TROUBLESOME TROPICAL PRODUCTS LANGUAGE, US RETAINED LISTING OF AREAS FOR POSSIBLE DIFFERENTIAL TREATMENT IN PAPER THAT WAS TABLED.

9. US REP MADE STATEMENT IN PLENARY THAT US GSP SYSTEM ALREADY ALLOWED PROCESS WHEREBY LDC VIEWS WERE TAKEN INTO

ACCOUNT WHEN REMOVALS FROM GSP WERE UNDER CONSIDERATION AND WELCOMED EC PROPOSAL TO DO LIKEWISE, WITHOUT PREJUDICE TO UNBOUND NATURE OF GSP. US REP ALSO NOTED THAT OUR TROPICAL PRODUCTS FORMULATION COVERED ALL COUNTRIES' POSITIONS AND CALLED FOR MAXIMUM POSSIBLE BENEFITS AS WELL AS EARLIEST POSSIBLE IMPLEMENTATION.

10. DURING PLENARY DISCUSSION OF PAPERS ON THE TABLE, G-18 SPOKESMAN AND SOME REPS EXPRESSED DISAPPOINTMENT WITH BOTH US AND EC PAPERS. REP OF PAKISTAN STATED LIMITED OFFICIAL USE

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THAT BOTH WERE POSITIVE AND CONSTRUCTIVE IN THEIR GENERAL APPROACHES BUT DISAPPOINTING ON ABSENCE OF ANY SPECIFICS. IN DISCUSSING EC PAPER HE ADDED THAT HE WAS "NOT ELATED" ABOUT EARLY IMPLEMENTATION OF TROPICAL PRODUCT OFFERS DUE TO "DEEP DISAPPOINTMENT" ABOUT THEIR LIMITED COVERAGE.

11. IN REFERENCE TO US PAPER INDIAN REP WELCOMED POSITIVE ELEMENT OF IDENTIFYING AREAS WHERE DIFFERENTIAL TREATMENT MAY BE POSSIBLE IN MTN. WHILE APPROVING US SUGGESTION FOR CONTINUOUSLY IMPROVING GSP SCHEMES, INDIAN REP CHARACTERIZED THIS AS SLOW PROCESS OF EVOLUTION AND SUGGESTED THAT ENERGIZING RESULT OF CIEC SHOULD BE THAT DONOR COUNTRIES SHOULD EXPRESS A COMMITMENT TO SUBSTANTIALLY IMPROVE THEIR GSP SCHEMES JUST AFTER THE CONFERENCE.

12. IN RESPONSE TO REQUEST FROM REP OF ZAIRE, GATT SECRETARIAL REP AT END OF SESSION REPORTED ON LATEST DEVELOPMENT IN MTN INCLUDING TROPICAL PRODUCTS. HE STATED INTER ALIA THAT FURTHER BILATERAL AND PLURILATERAL CONSULTATIONS WERE TO TAKE PLACE WITH A VIEW TO IMPROVING OFFERS. FOLLOWING THIS STATEMENT, REP OF ZAIRE COMMENTED THAT TROPICAL PRODUCTS IMPLEMENTATION COULD NOT BE ON JANUARY 1 AS NEGOTIATIONS HAVE "NOT YET TAKEN PLACE," ONLY "PRELIMINARY" WORK HAD TAKEN PLACE THUS FAR.

13. IN CONCLUDING DISCUSSION CHAIRMAN DECLINED TO SUM UP AS HE FELT STATEMENT OF EACH DELEGATION MADE VARIOUS POSITIONS CLEAR. SUBSTANTIVE DISCUSSION OF THIS ITEM IS THEREFORE TERMINATED FOR OCTOBER SESSION.

14. COMMENT: REACTIONS OF G-18 TO US AND EC PAPERS WERE PREDICTABLY CRITICAL OF LACK OF NEW INITIATIVES REFLECTING POLITICAL, ENERGIZING IMPETUS EXPECTED FROM CIEC, BUT THE TONE OF THEIR REMARKS WAS RELATIVELY MILD. DISCUSSION SUGGESTS THAT LIKELY AREAS IN WHICH G-18 MAY

PUSH FOR G-8 COMMITMENT ON TRADE MAY INCLUDE IMPROVEMENT
IN TROPICAL PRODUCTS OFFERS AND IN GSP.

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OTHER SPECIFIC SUGGESTION FOR APPROPRIATE OUTCOME
OF CIEC MADE ORALLY BY SWEDISH DELEGATION WAS CALL FOR
WIDER DC SUPPORT OF TECHNICAL ASSISTANCE FOR LDC EXPORTS
CARRIED OUT BY UNCTAD/GATT SPONSORED INTERNATIONAL TRADE
CENTER IN GENEVA. SWEDISH REP NOTED THAT NORDICS
CURRENTLY ACCOUNT FOR 85 OF VOLUNTARY CONTRIBUTIONS TO
ITC'S WORK. NO DELEGATIONS COMMENTED ON THIS SUGGESTION
HOWEVER.
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